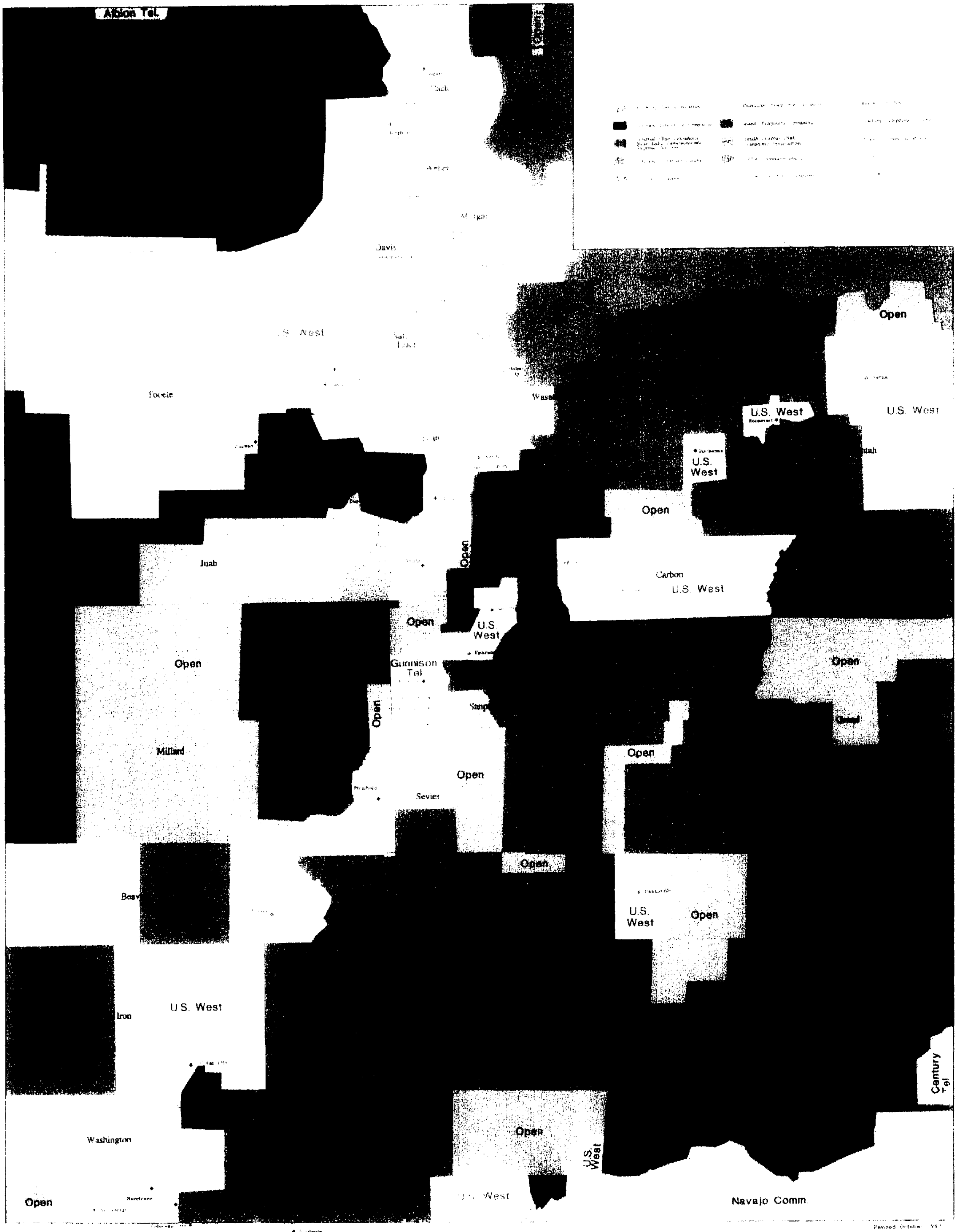
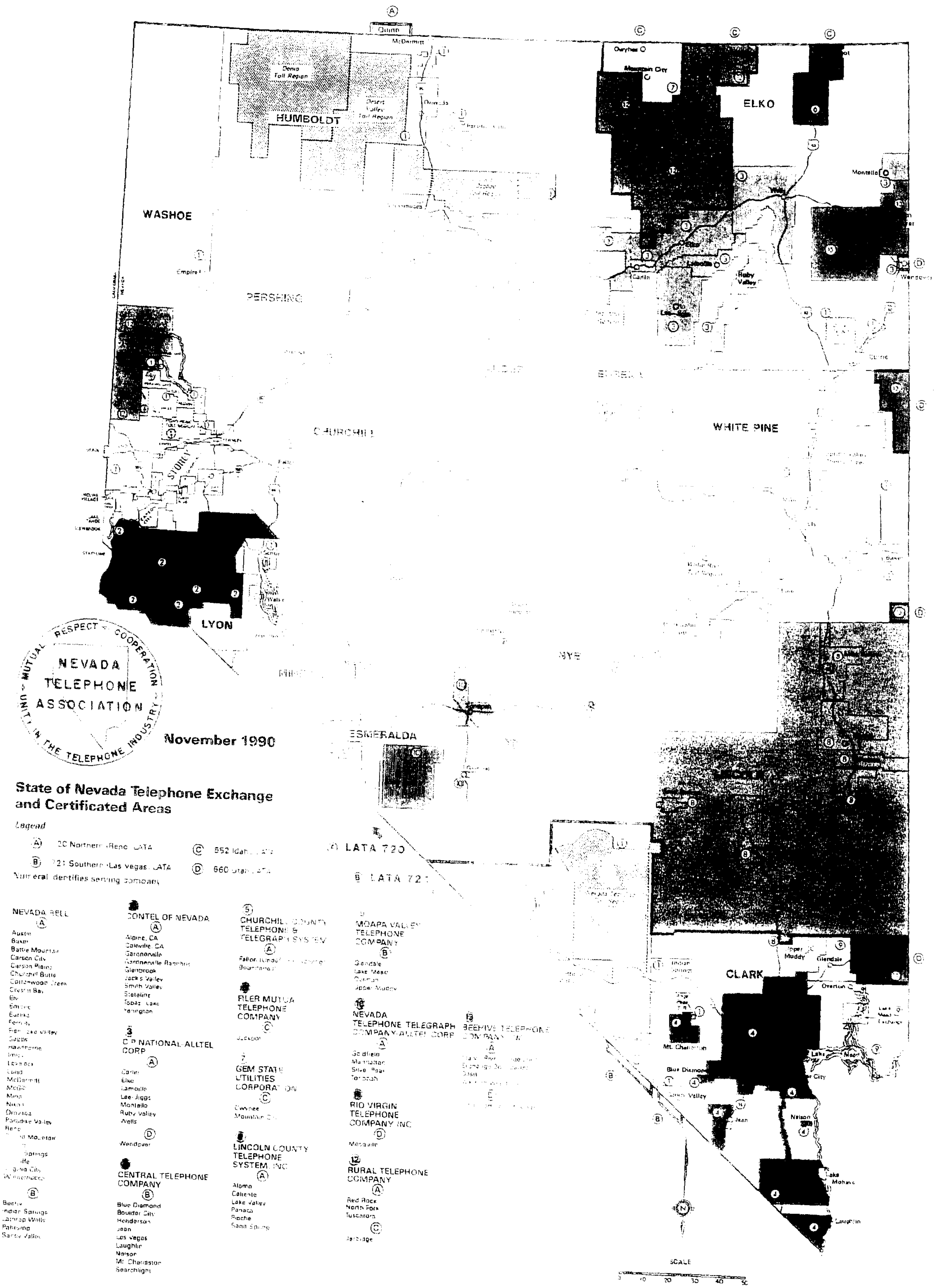
2

Exchange Carriers of Utah

*Utah's Independent Telephone Companies*




MID STATE CONSULTANTS




November 1990

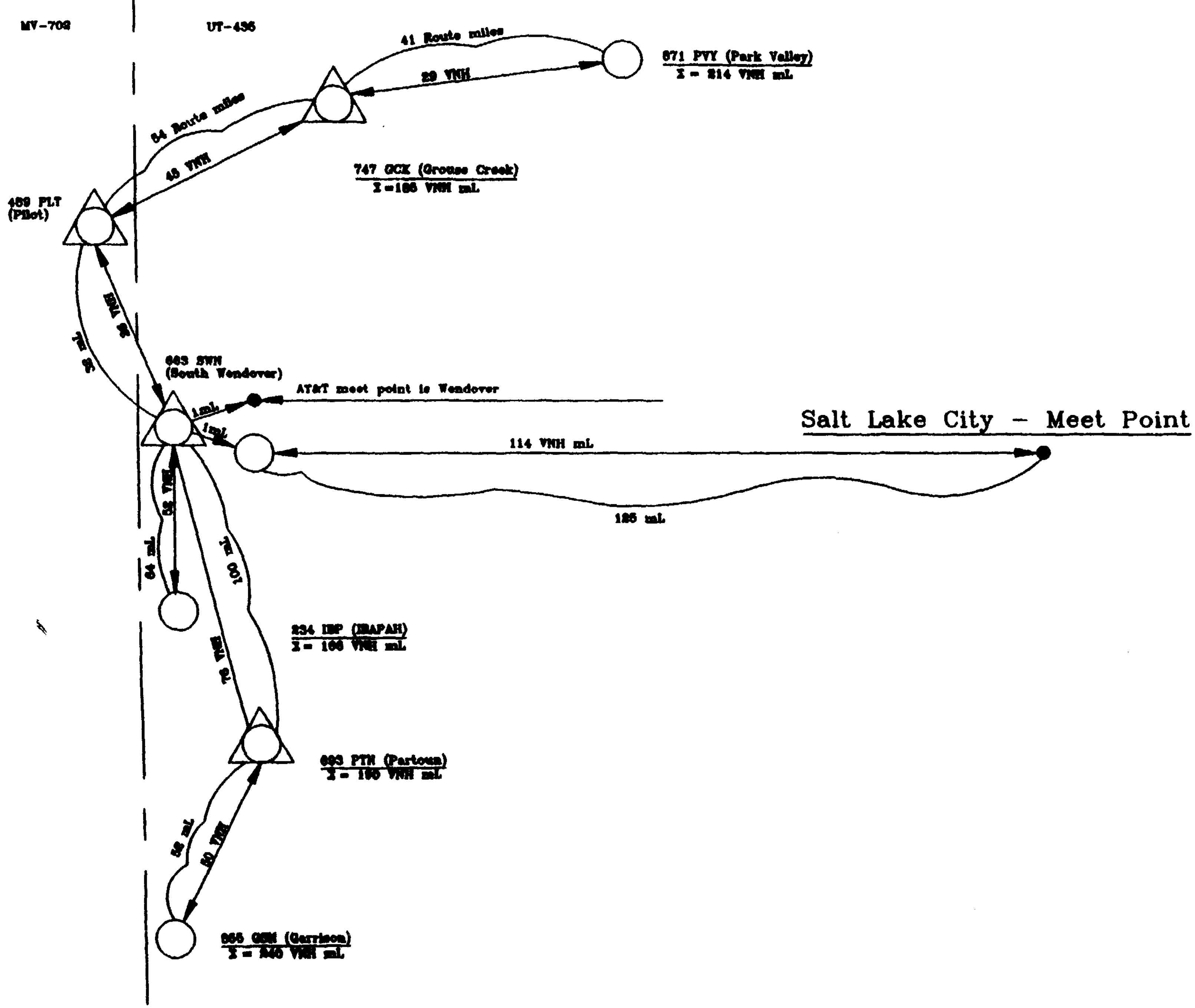
**State of Nevada Telephone Exchange and Certificated Areas**

3

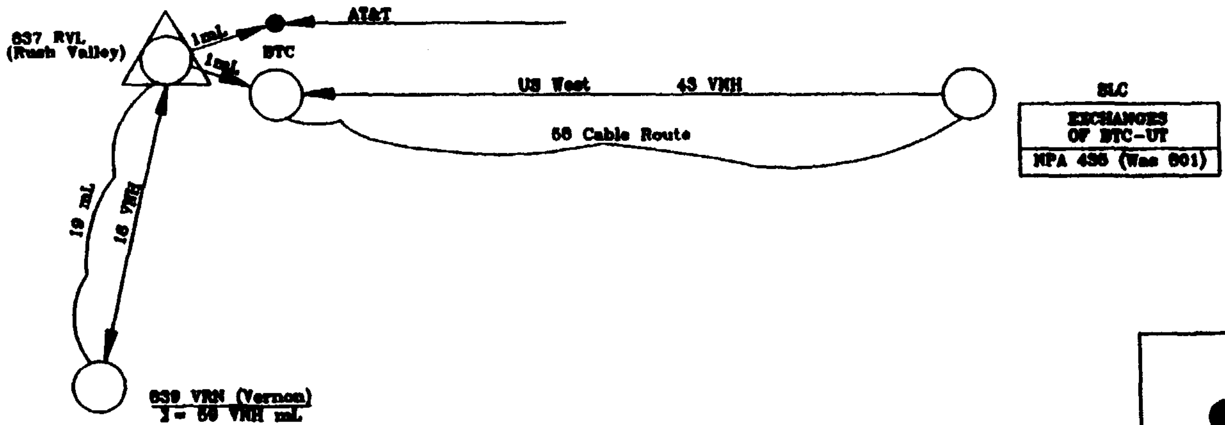
# BEEHIVE TELEPHONE COMPANY ROUTE MILES

| EXCHANGES | LOCATION | MEET POINT | | CABLE ROUTE MILES | |
|---|---|---|---|---|---|
| | | | | BTC STAKING SHEETS | THE OTHER COMPANIES |
| NPA 435 | UTAH | | | | |
| NXX: | | | | | |
| 234 | IBAPAH | WENDOVER-SALT LAKE CITY | | 64 | 125 |
| 456 | CAINVILLE | PROVO (through Bullfrog) | | 72 | 300 |
| 661 | DANGLING ROPE MARINA | PROVO (through Bullfrog) | | 66 | 300 |
| 663 | SOUTH WENDOVER | WENDOVER-SALT LAKE CITY | | 1 | 125 |
| 693 | PARTOUN | WENDOVER-SALT LAKE CITY | | 100 | 125 |
| 712 | KOLOB (Under construction) | CEDAR CITY | | 23 | 2 |
| 747 | GROUSE CREEK | WENDOVER-SALT LAKE CITY | | 86 | 125 |
| 788 | TICABOO | PROVO (through Bullfrog) | | 17 | 300 |
| 837 | RUSH VALLEY | SALT LAKE CITY | | 1 | 58 |
| 839 | VERNON | SALT LAKE CITY (through Rush Valley) | | 19 | 58 |
| 855 | GARRISON | WENDOVER-SALT LAKE CITY | | 152 | 125 |
| 871 | PARK VALLEY | WENDOVER-SALT LAKE CITY | | 127 | 125 |
| | | | **TOTAL** | 728 | |
| | | | | | |
| NPA702 | NEVADA | | | | |
| NXX: | | | | | |
| 472 | MARY'S RIVER | ELKO (through Wendover) | | 193 | 1 |
| 478 | OASIS | ELKO (through Wendover) | | 140 | 1 |
| 483 | WESTERN WIND (Under construction) | ELKO (through Wendover) | | 110 | 1 |
| 489 | PILOT | ELKO (through Wendover) | | 142 | 1 |
| 533 | BURBANK (Under construction) | ELKO (through Wendover) | | 262 | 1 |
| 534 | GOSHUTE (Under construction) | ELKO (through Wendover) | | 174 | 1 |
| 536 | PLEASANT VALLEY (Under construction) | ELKO (through Wendover) | | 210 | 1 |
| | | | **TOTAL** | 1231 | |

# BEEHIVE TELEPHONE COMPANY
# UTAH ROUTE MILES

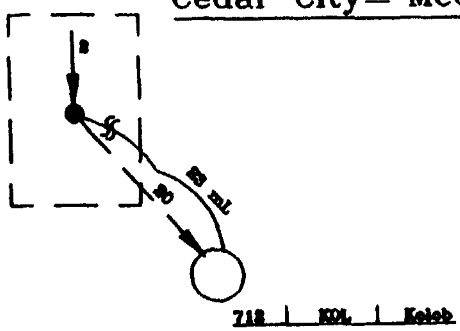


## Rush Valley is AT&T Meet Point

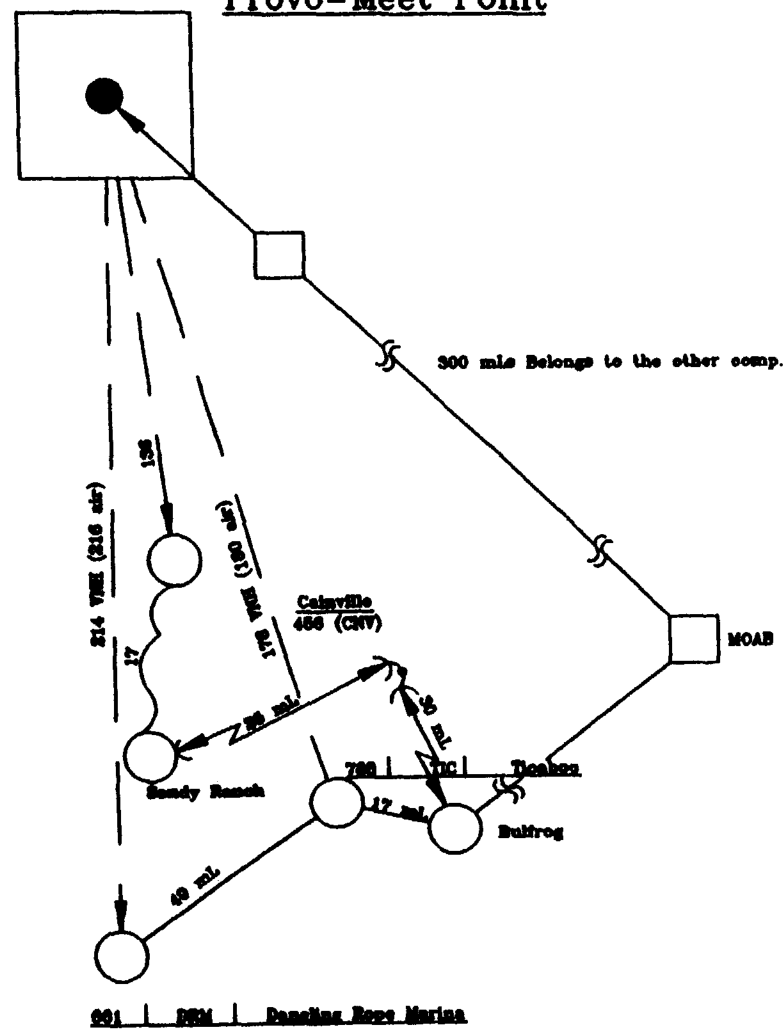



2 mile Belongs to hte other comp.

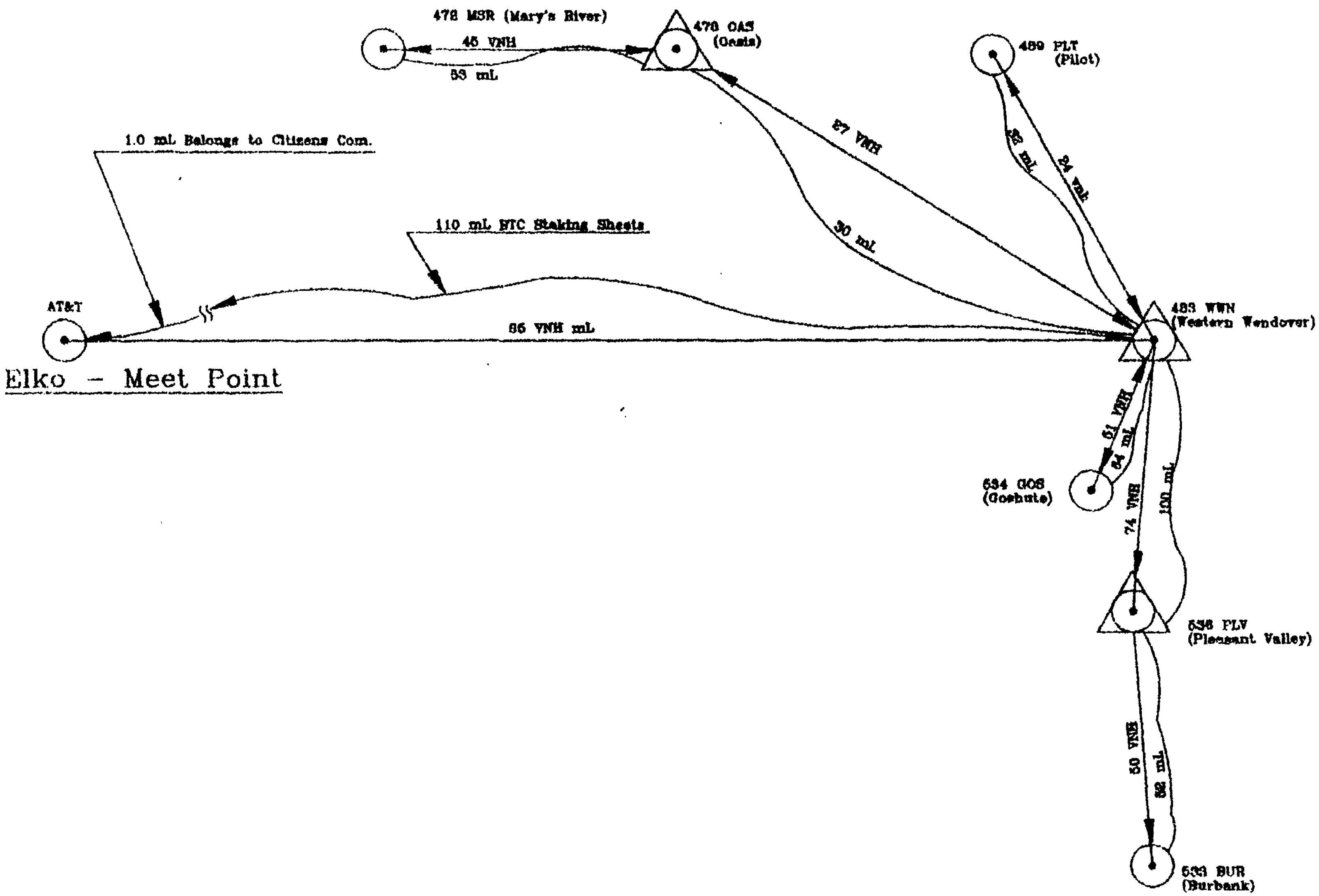
## Cedar City– Meet Point




## Provo–Meet Point



# BEEHIVE TELEPHONE COMPANY
# NEVADA ROUTE MILES



4

EXHIBIT 4

| COMPANY | ACCESS LINES per ROUTE MILE A | EXCHANGES B | ACCESS LINES C |
|---|---|---|---|
| DELL TELEPHONE COOP INC | 0.31 | 9 | 964 |
| SOUTHERN MONTANA TELEPHONE CO | 1.52 | 5 | 815 |
| PIONEER TELEPHONE COMPANY | 1.86 | 2 | 823 |
| SOUTHWEST OKLAHOMA TEL CO | 1.87 | 5 | 937 |
| HEMINGFORD CO-OP TELEPHONE CO | 1.93 | 1 | 927 |
| ROCK COUNTY TELE CO | 2.17 | 2 | 991 |
| H & B COMMUNICATIONS INC | 2.27 | 3 | 965 |
| DILLER TELEPHONE CO | 2.35 | 4 | 903 |
| THE CURTIS TELEPHONE CO INC | 2.47 | 1 | 821 |
| THE BLANCA TELEPHONE COMPANY | 2.69 | 1 | 899 |
| CLARKS TELEPHONE COMPANY | 2.79 | 3 | 964 |
| NORTHEAST LOUISIANA TEL CO INC | 2.95 | 2 | 909 |
| LINCOLN TELEPHONE COMPANY | 3.04 | 2 | 976 |
| MODERN COOP TEL CO | 3.29 | 4 | 887 |
| DUCOR TELEPHONE CO | 3.69 | 2 | 836 |
| C R TELEPHONE COMPANY | 3.70 | 2 | 916 |
| UPSALA COOP TEL ASSN | 3.70 | 1 | 944 |
| S & A TELEPHONE COMPANY INC | 3.84 | 2 | 850 |
| SPRUCE KNOB SENECA ROCKS TEL C | 3.90 | 1 | 1,000 |
| KEYSTONE FARMERS COOP TEL CO | 4.49 | 3 | 994 |
| RIVER VALLEY TELE COOP | 4.66 | 2 | 983 |
| CASTLEBERRY TELEPHONE CO INC | 5.42 | 1 | 889 |
| GOSHEN TELEPHONE CO INC | 5.53 | 1 | 836 |
| HENDERSON COOP TELEPHONE CO | 5.64 | 1 | 988 |
| NORTH RIVER TELE COOP | 5.83 | 1 | 951 |
| HARMONY TELEPHONE COMPANY | 6.28 | 1 | 954 |
| BYERS PETROLIA TELE CO INC | 6.37 | 2 | 829 |
| TROY TELEPHONE COMPANY INC | 6.85 | 1 | 884 |
| LAKESIDE TELEPHONE CO | 7.03 | 2 | 879 |
| THE BUCKLAND MUTUAL TEL CO | 7.55 | 1 | 831 |
| SPRING VALLEY TELEPHONE CO | 8.42 | 1 | 960 |
| CROWN POINT TELE CORP | 8.93 | 1 | 929 |
| WESTPHALIA TELEPHONE COMPANY | 9.49 | 1 | 949 |
| NEW LONDON TELEPHONE CO | 10.40 | 1 | 916 |
| PERKINSVILLE TELEPHONE CO INC | 11.28 | 1 | 852 |
| MONROE TELEPHONE COMPANY | 12.97 | 1 | 882 |
| GERVAIS TELEPHONE COMPANY | 16.67 | 1 | 966 |
| BEEHIVE TELEPHONE COMPANY | 0.75 | 14 | 882 |

| COMPANY | TOTAL LOOPS | ACCT 2001 | TOT EXPENSE | EXPENSE to 2001 RATIO | TPIS to LOOP RATIO | EXPENSE to LOOP RATIO |
|---|---|---|---|---|---|---|
| FRONTIER-MT. PULASKI | 1,965 | 2,497,100 | 2,843,891 | 113.89% | 1,271 | 1,447 |
| ACCIPITER COMM. | 39 | 226,179 | 234,046 | 103.48% | 5,799 | 6,001 |
| KINGSGATE TEL., INC. | 97 | 683,514 | 511,689 | 74.86% | 7,047 | 5,275 |
| JEFFERSON TEL CO -SD | 573 | 869,399 | 632,256 | 72.72% | 1,517 | 1,103 |
| NOXAPATER TEL CO | 1,024 | 2,183,959 | 1,497,588 | 68.57% | 2,133 | 1,462 |
| GEORGETOWN TEL CO | 312 | 1,202,309 | 742,164 | 61.73% | 3,854 | 2,379 |
| ODIN TEL EXCH INC | 1,186 | 1,961,291 | 1,052,111 | 53.64% | 1,654 | 887 |
| ELKHART TEL CO INC | 1,677 | 4,003,737 | 2,139,914 | 53.45% | 2,387 | 1,276 |
| INTERSTATE TEL CO | 14,789 | 17,357,994 | 9,076,200 | 52.29% | 1,174 | 614 |
| CASS COUNTY TEL CO | 3,109 | 4,276,765 | 2,208,216 | 51.63% | 1,376 | 710 |
| BRETTON WOODS TEL CO | 436 | 1,133,917 | 571,987 | 50.44% | 2,601 | 1,312 |
| ***BEEHIVE TEL CO - NV & UT*** | ***909*** | ***6,325,307*** | ***3,171,131*** | ***50.13%*** | ***6,959*** | ***3,489*** |
| YUKON TEL CO INC | 557 | 1,885,028 | 921,028 | 48.86% | 3,384 | 1,654 |
| CHAMPLAIN TEL CO | 5,594 | 10,770,915 | 5,215,337 | 48.42% | 1,925 | 932 |
| YATES CITY TEL CO | 548 | 1,041,192 | 502,874 | 48.30% | 1,900 | 918 |
| MIDSTATE TEL CO | 1,829 | 4,889,190 | 2,356,117 | 48.19% | 2,673 | 1,288 |
| LA HARPE TEL CO | 1,100 | 2,097,752 | 1,005,114 | 47.91% | 1,907 | 914 |
| BETTLES TEL CO INC | 94 | 447,470 | 208,787 | 46.66% | 4,760 | 2,221 |
| MONROE TELEPHONE CO. | 940 | 1,979,989 | 921,231 | 46.53% | 2,106 | 980 |
| KADOKA TELEPHONE CO | 598 | 1,302,032 | 587,817 | 45.15% | 2,177 | 983 |
| MADISON TEL CO | 1,474 | 3,902,337 | 1,721,948 | 44.13% | 2,647 | 1,168 |
| HANCOCK TEL CO | 1,818 | 3,750,226 | 1,624,336 | 43.31% | 2,063 | 893 |
| GERMANTOWN TEL CO | 2,523 | 5,972,300 | 2,583,441 | 43.26% | 2,367 | 1,024 |
| MIDVALE TEL EXCH -OR | 226 | 985,903 | 420,993 | 42.70% | 4,362 | 1,863 |
| RICHMOND TEL CO | 1,067 | 1,777,564 | 757,080 | 42.59% | 1,666 | 710 |
| STAR TEL CO | 4,871 | 11,331,827 | 4,715,895 | 41.62% | 2,326 | 968 |
| RESERVE TEL CO | 5,316 | 11,746,350 | 4,881,072 | 41.55% | 2,210 | 918 |
| FISHERS ISLAND TEL | 954 | 1,369,899 | 565,736 | 41.30% | 1,436 | 593 |
| MCCLURE TEL CO | 749 | 1,829,533 | 755,145 | 41.28% | 2,443 | 1,008 |
| ARCTIC SLOPE TEL | 2,247 | 8,673,640 | 3,540,516 | 40.82% | 3,860 | 1,576 |
| STANTON TEL CO, INC | 1,188 | 2,955,004 | 1,199,133 | 40.58% | 2,487 | 1,009 |
| CHIPPEWA COUNTY TEL | 1,371 | 3,351,359 | 1,323,943 | 39.50% | 2,444 | 966 |
| TERRAL TEL CO | 317 | 1,088,255 | 424,256 | 38.98% | 3,433 | 1,338 |
| DARIEN TEL CO | 5,408 | 12,117,627 | 4,694,695 | 38.74% | 2,241 | 868 |
| SUMMIT TEL & TEL -AK | 131 | 1,039,723 | 400,978 | 38.57% | 7,937 | 3,061 |
| CROWN POINT TEL CORP | 1,024 | 3,735,298 | 1,408,045 | 37.70% | 3,648 | 1,375 |
| WINN TEL CO | 721 | 1,500,469 | 565,189 | 37.67% | 2,081 | 784 |
| CITIZENS HAMMOND NY | 1,729 | 7,317,454 | 2,709,478 | 37.03% | 4,232 | 1,567 |
| HOLWAY TEL CO | 562 | 1,749,895 | 646,982 | 36.97% | 3,114 | 1,151 |
| HOT SPRINGS TEL CO | 682 | 1,513,416 | 554,082 | 36.61% | 2,219 | 812 |
| SYCAMORE TEL CO | 1,992 | 4,574,533 | 1,668,454 | 36.47% | 2,296 | 838 |
| TATUM TEL CO | 897 | 2,956,762 | 1,059,788 | 35.84% | 3,296 | 1,181 |
| ZENDA TEL COMPANY | 231 | 1,113,163 | 396,389 | 35.61% | 4,819 | 1,716 |
| TRANS-CASCADES TEL | 160 | 1,050,092 | 370,849 | 35.32% | 6,563 | 2,318 |
| WALNUT HILL TEL CO | 5,008 | 16,500,629 | 5,793,813 | 35.11% | 3,295 | 1,157 |
| PATTERSONVILLE TEL | 1,391 | 2,724,703 | 940,562 | 34.52% | 1,959 | 676 |
| BORDER TO BORDER | 84 | 1,831,284 | 630,779 | 34.44% | 21,801 | 7,509 |
| COLTON TEL CO | 1,204 | 3,332,155 | 1,139,124 | 34.19% | 2,768 | 946 |
| WEST TEXAS RURAL TEL | 2,026 | 12,609,752 | 4,303,474 | 34.13% | 6,224 | 2,124 |

| COMPANY | TOTAL LOOPS | ACCT 2001 | TOT EXPENSE | EXPENSE to 2001 RATIO | TPIS to LOOP RATIO | EXPENSE to LOOP RATIO |
|---|---|---|---|---|---|---|
| DELL TEL. CO-OP - TX | 689 | 16,661,766 | 2,433,379 | 14.60% | 24,183 | 3,532 |
| BORDER TO BORDER | 84 | 1,831,284 | 630,779 | 34.44% | 21,801 | 7,509 |
| DELL TEL CO-OP - NM | 345 | 7,363,957 | 1,070,791 | 14.54% | 21,345 | 3,104 |
| OREGON-IDAHO UTIL. | 781 | 11,289,601 | 1,513,974 | 13.41% | 14,455 | 1,939 |
| BIG BEND TEL CO INC | 4,558 | 65,165,652 | 9,256,114 | 14.20% | 14,297 | 2,031 |
| SCOTT COUNTY TEL CO | 127 | 1,576,914 | 263,092 | 16.68% | 12,417 | 2,072 |
| RICO TEL CO | 142 | 1,590,134 | 303,885 | 19.11% | 11,198 | 2,140 |
| HUMBOLDT TEL CO | 670 | 7,424,652 | 1,145,000 | 15.42% | 11,082 | 1,709 |
| XIT RURAL TEL CO-OP | 1,329 | 14,633,643 | 3,024,456 | 20.67% | 11,011 | 2,276 |
| ENMR TEL COOP INC-NM | 11,834 | 129,343,238 | 18,467,767 | 14.28% | 10,930 | 1,561 |
| VALLEY TEL CO-OP -TX | 5,785 | 58,433,277 | 8,650,343 | 14.80% | 10,101 | 1,495 |
| FORT MOJAVE TEL, INC | 404 | 4,017,647 | 900,311 | 22.41% | 9,945 | 2,228 |
| WESTERN NEW MEXICO | 5,778 | 55,118,066 | 8,206,863 | 14.89% | 9,539 | 1,420 |
| ISLAND TEL CO | 600 | 5,697,644 | 755,834 | 13.27% | 9,496 | 1,260 |
| BACA VALLEY TEL CO | 784 | 7,444,337 | 948,743 | 12.74% | 9,495 | 1,210 |
| ASOTIN TEL - OR | 122 | 1,128,745 | 192,490 | 17.05% | 9,252 | 1,578 |
| HELIX TEL CO. | 268 | 2,470,834 | 605,664 | 24.51% | 9,220 | 2,260 |
| INTERBEL TEL COOP | 1,567 | 14,271,714 | 2,053,428 | 14.39% | 9,108 | 1,310 |
| PENASCO VALLEY TEL | 2,856 | 25,983,176 | 3,988,101 | 15.35% | 9,098 | 1,396 |
| ALENCO COMMUNICATION | 1,472 | 13,251,857 | 2,231,391 | 16.84% | 9,003 | 1,516 |
| BUSH-TELL INC. | 790 | 7,003,779 | 1,611,454 | 23.01% | 8,866 | 2,040 |
| MIDVALE TEL EXCH INC | 1,061 | 9,380,726 | 1,178,807 | 12.57% | 8,841 | 1,111 |
| RURAL TEL CO - ID | 428 | 3,719,195 | 859,427 | 23.11% | 8,690 | 2,008 |
| S & T TEL COOP ASSN | 1,969 | 16,568,255 | 2,540,176 | 15.33% | 8,415 | 1,290 |
| POKA-LAMBRO TEL COOP | 3,661 | 29,549,271 | 5,222,658 | 17.67% | 8,071 | 1,427 |
| SUMMIT TEL & TEL -AK | 131 | 1,039,723 | 400,978 | 38.57% | 7,937 | 3,061 |
| PINNACLES TEL CO | 252 | 1,956,783 | 580,852 | 29.68% | 7,765 | 2,305 |
| RURAL TEL CO - NV | 611 | 4,617,588 | 821,228 | 17.78% | 7,557 | 1,344 |
| ENMR TEL COOP-TX | 902 | 6,536,053 | 907,132 | 13.88% | 7,246 | 1,006 |
| MID-RIVERS TEL COOP | 10,529 | 75,963,124 | 8,730,660 | 11.49% | 7,215 | 829 |
| NORTHERN TEL COOP | 1,428 | 10,297,064 | 1,527,740 | 14.84% | 7,211 | 1,070 |
| NAVAJO COMMUN-UT | 354 | 2,546,427 | 717,690 | 28.18% | 7,193 | 2,027 |
| KINGSGATE TEL., INC. | 97 | 683,514 | 511,689 | 74.86% | 7,047 | 5,275 |
| ***BEEHIVE TEL CO - NV & UT*** | ***909*** | ***6,325,307*** | ***3,171,131*** | ***50.13%*** | ***6,959*** | ***3,489*** |
| SOUTHERN MONTANA TEL | 951 | 6,616,569 | 1,175,557 | 17.77% | 6,957 | 1,236 |
| CENTRAL TEXAS CO-OP | 6,743 | 46,543,421 | 6,023,178 | 12.94% | 6,902 | 893 |
| UNION TELEPHONE CO | 6,485 | 44,455,370 | 7,417,284 | 16.68% | 6,855 | 1,144 |
| ROGGEN TEL COOP CO | 240 | 1,637,949 | 334,458 | 20.42% | 6,825 | 1,394 |
| ROCKLAND TEL CO INC | 1,206 | 8,205,555 | 1,240,018 | 15.11% | 6,804 | 1,028 |
| UNITED UTILITIES INC | 5,324 | 36,150,640 | 9,269,222 | 25.64% | 6,790 | 1,741 |
| SUNFLOWER TEL - CO | 328 | 2,212,162 | 282,514 | 12.77% | 6,744 | 861 |
| LEAF RIVER TEL CO | 624 | 4,196,625 | 938,393 | 22.36% | 6,725 | 1,504 |
| WESTERN WAHKIAKUM | 1,105 | 7,379,915 | 1,792,824 | 24.29% | 6,679 | 1,622 |
| HORNITOS TEL CO | 577 | 3,837,395 | 493,707 | 12.87% | 6,651 | 856 |
| TRANS-CASCADES TEL | 160 | 1,050,092 | 370,849 | 35.32% | 6,563 | 2,318 |
| PINE TEL SYSTEM INC. | 948 | 6,186,018 | 1,197,681 | 19.36% | 6,525 | 1,263 |
| POTTAWATOMIE TEL CO | 2,147 | 13,836,505 | 2,314,369 | 16.73% | 6,445 | 1,078 |
| SILVER STAR TEL- ID | 557 | 3,511,784 | 855,966 | 24.37% | 6,305 | 1,537 |
| UINTAH BASIN TEL | 2,818 | 17,674,854 | 3,204,288 | 18.13% | 6,272 | 1,137 |

| COMPANY | TOTAL LOOPS | ACCT 2001 | TOT EXPENSE | EXPENSE to 2001 RATIO | TPIS to LOOP RATIO | EXPENSE to LOOP RATIO |
|---|---|---|---|---|---|---|
| BORDER TO BORDER | 84 | 1,831,284 | 630,779 | 34.44% | 21,801 | 7,509 |
| ACCIPITER COMM. | 39 | 226,179 | 234,046 | 103.48% | 5,799 | 6,001 |
| KINGSGATE TEL., INC. | 97 | 683,514 | 511,689 | 74.86% | 7,047 | 5,275 |
| DELL TEL. CO-OP - TX | 689 | 16,661,766 | 2,433,379 | 14.60% | 24,183 | 3,532 |
| ***BEEHIVE TEL CO - NV & UT*** | ***909*** | ***6,325,307*** | ***3,171,131*** | ***50.13%*** | ***6,959*** | ***3,489*** |
| DELL TEL CO-OP - NM | 345 | 7,363,957 | 1,070,791 | 14.54% | 21,345 | 3,104 |
| SUMMIT TEL & TEL -AK | 131 | 1,039,723 | 400,978 | 38.57% | 7,937 | 3,061 |
| GEORGETOWN TEL CO | 312 | 1,202,309 | 742,164 | 61.73% | 3,854 | 2,379 |
| TRANS-CASCADES TEL | 160 | 1,050,092 | 370,849 | 35.32% | 6,563 | 2,318 |
| PINNACLES TEL CO | 252 | 1,956,783 | 580,852 | 29.68% | 7,765 | 2,305 |
| XIT RURAL TEL CO-OP | 1,329 | 14,633,643 | 3,024,456 | 20.67% | 11,011 | 2,276 |
| HELIX TEL CO. | 268 | 2,470,834 | 605,664 | 24.51% | 9,220 | 2,260 |
| FORT MOJAVE TEL, INC | 404 | 4,017,647 | 900,311 | 22.41% | 9,945 | 2,228 |
| BETTLES TEL CO INC | 94 | 447,470 | 208,787 | 46.66% | 4,760 | 2,221 |
| RICO TEL CO | 142 | 1,590,134 | 303,885 | 19.11% | 11,198 | 2,140 |
| WEST TEXAS RURAL TEL | 2,026 | 12,609,752 | 4,303,474 | 34.13% | 6,224 | 2,124 |
| SCOTT COUNTY TEL CO | 127 | 1,576,914 | 263,092 | 16.68% | 12,417 | 2,072 |
| BUSH-TELL INC. | 790 | 7,003,779 | 1,611,454 | 23.01% | 8,866 | 2,040 |
| BIG BEND TEL CO INC | 4,558 | 65,165,652 | 9,256,114 | 14.20% | 14,297 | 2,031 |
| NAVAJO COMMUN-UT | 354 | 2,546,427 | 717,690 | 28.18% | 7,193 | 2,027 |
| RURAL TEL CO - ID | 428 | 3,719,195 | 859,427 | 23.11% | 8,690 | 2,008 |
| OREGON-IDAHO UTIL. | 781 | 11,289,601 | 1,513,974 | 13.41% | 14,455 | 1,939 |
| MIDVALE TEL EXCH -OR | 226 | 985,903 | 420,993 | 42.70% | 4,362 | 1,863 |
| DUCOR TELEPHONE CO | 853 | 5,258,756 | 1,563,383 | 29.73% | 6,165 | 1,833 |
| UNITED UTILITIES INC | 5,324 | 36,150,640 | 9,269,222 | 25.64% | 6,790 | 1,741 |
| ZENDA TEL COMPANY | 231 | 1,113,163 | 396,389 | 35.61% | 4,819 | 1,716 |
| HUMBOLDT TEL CO | 670 | 7,424,652 | 1,145,000 | 15.42% | 11,082 | 1,709 |
| YUKON TEL CO INC | 557 | 1,885,028 | 921,028 | 48.86% | 3,384 | 1,654 |
| MUKLUK TEL CO INC | 1,034 | 6,454,102 | 1,686,090 | 26.12% | 6,242 | 1,631 |
| WESTERN WAHKIAKUM | 1,105 | 7,379,915 | 1,792,824 | 24.29% | 6,679 | 1,622 |
| INLAND TEL-ID | 326 | 1,862,857 | 521,767 | 28.01% | 5,714 | 1,601 |
| ASOTIN TEL - OR | 122 | 1,128,745 | 192,490 | 17.05% | 9,252 | 1,578 |
| ARCTIC SLOPE TEL | 2,247 | 8,673,640 | 3,540,516 | 40.82% | 3,860 | 1,576 |
| CITIZENS HAMMOND NY | 1,729 | 7,317,454 | 2,709,478 | 37.03% | 4,232 | 1,567 |
| ENMR TEL COOP INC-NM | 11,834 | 129,343,238 | 18,467,767 | 14.28% | 10,930 | 1,561 |
| RIVIERA TEL CO INC | 1,083 | 5,841,338 | 1,684,186 | 28.83% | 5,394 | 1,555 |
| SILVER STAR TEL- ID | 557 | 3,511,784 | 855,966 | 24.37% | 6,305 | 1,537 |
| ALENCO COMMUNICATION | 1,472 | 13,251,857 | 2,231,391 | 16.84% | 9,003 | 1,516 |
| LEAF RIVER TEL CO | 624 | 4,196,625 | 938,393 | 22.36% | 6,725 | 1,504 |
| VALLEY TEL CO-OP -TX | 5,785 | 58,433,277 | 8,650,343 | 14.80% | 10,101 | 1,495 |
| NOXAPATER TEL CO | 1,024 | 2,183,959 | 1,497,588 | 68.57% | 2,133 | 1,462 |
| FRONTIER-MT. PULASKI | 1,965 | 2,497,100 | 2,843,891 | 113.89% | 1,271 | 1,447 |
| POKA-LAMBRO TEL COOP | 3,661 | 29,549,271 | 5,222,658 | 17.67% | 8,071 | 1,427 |
| WESTERN NEW MEXICO | 5,778 | 55,118,066 | 8,206,863 | 14.89% | 9,539 | 1,420 |
| PENASCO VALLEY TEL | 2,856 | 25,983,176 | 3,988,101 | 15.35% | 9,098 | 1,396 |
| ROGGEN TEL COOP CO | 240 | 1,637,949 | 334,458 | 20.42% | 6,825 | 1,394 |
| KEYSTONE-ARTHUR TEL | 639 | 3,130,540 | 886,802 | 28.33% | 4,899 | 1,388 |
| CROWN POINT TEL CORP | 1,024 | 3,735,298 | 1,408,045 | 37.70% | 3,648 | 1,375 |
| MOULTRIE INDEPENDENT | 793 | 4,850,629 | 1,089,008 | 22.45% | 6,117 | 1,373 |

| COMPANY | TOTAL LOOPS | ACCT 2001 | TOT EXPENSE | EXPENSE to 2001 RATIO | TPIS to LOOP RATIO | EXPENSE to LOOP RATIO |
|---|---|---|---|---|---|---|
| FRONTIER-MT. PULASKI | 1,965 | 2,497,100 | 2,843,891 | 113.89% | 1,271 | 1,447 |
| ACCIPITER COMM. | 39 | 226,179 | 234,046 | 103.48% | 5,799 | 6,001 |
| KINGSGATE TEL., INC. | 97 | 683,514 | 511,689 | 74.86% | 7,047 | 5,275 |
| JEFFERSON TEL CO -SD | 573 | 869,399 | 632,256 | 72.72% | 1,517 | 1,103 |
| NOXAPATER TEL CO | 1,024 | 2,183,959 | 1,497,588 | 68.57% | 2,133 | 1,462 |
| GEORGETOWN TEL CO | 312 | 1,202,309 | 742,164 | 61.73% | 3,854 | 2,379 |
| ODIN TEL EXCH INC | 1,186 | 1,961,291 | 1,052,111 | 53.64% | 1,654 | 887 |
| ELKHART TEL CO INC | 1,677 | 4,003,737 | 2,139,914 | 53.45% | 2,387 | 1,276 |
| INTERSTATE TEL CO | 14,789 | 17,357,994 | 9,076,200 | 52.29% | 1,174 | 614 |
| CASS COUNTY TEL CO | 3,109 | 4,276,765 | 2,208,216 | 51.63% | 1,376 | 710 |
| BRETTON WOODS TEL CO | 436 | 1,133,917 | 571,987 | 50.44% | 2,601 | 1,312 |
| YUKON TEL CO INC | 557 | 1,885,028 | 921,028 | 48.86% | 3,384 | 1,654 |
| CHAMPLAIN TEL CO | 5,594 | 10,770,915 | 5,215,337 | 48.42% | 1,925 | 932 |
| YATES CITY TEL CO | 548 | 1,041,192 | 502,874 | 48.30% | 1,900 | 918 |
| MIDSTATE TEL CO | 1,829 | 4,889,190 | 2,356,117 | 48.19% | 2,673 | 1,288 |
| LA HARPE TEL CO | 1,100 | 2,097,752 | 1,005,114 | 47.91% | 1,907 | 914 |
| BETTLES TEL CO INC | 94 | 447,470 | 208,787 | 46.66% | 4,760 | 2,221 |
| MONROE TELEPHONE CO. | 940 | 1,979,989 | 921,231 | 46.53% | 2,106 | 980 |
| KADOKA TELEPHONE CO | 598 | 1,302,032 | 587,817 | 45.15% | 2,177 | 983 |
| MADISON TEL CO | 1,474 | 3,902,337 | 1,721,948 | 44.13% | 2,647 | 1,168 |
| HANCOCK TEL CO | 1,818 | 3,750,226 | 1,624,336 | 43.31% | 2,063 | 893 |
| GERMANTOWN TEL CO | 2,523 | 5,972,300 | 2,583,441 | 43.26% | 2,367 | 1,024 |
| MIDVALE TEL EXCH -OR | 226 | 985,903 | 420,993 | 42.70% | 4,362 | 1,863 |
| RICHMOND TEL CO | 1,067 | 1,777,564 | 757,080 | 42.59% | 1,666 | 710 |
| STAR TEL CO | 4,871 | 11,331,827 | 4,715,895 | 41.62% | 2,326 | 968 |
| RESERVE TEL CO | 5,316 | 11,746,350 | 4,881,072 | 41.55% | 2,210 | 918 |
| FISHERS ISLAND TEL | 954 | 1,369,899 | 565,736 | 41.30% | 1,436 | 593 |
| MCCLURE TEL CO | 749 | 1,829,533 | 755,145 | 41.28% | 2,443 | 1,008 |
| ARCTIC SLOPE TEL | 2,247 | 8,673,640 | 3,540,516 | 40.82% | 3,860 | 1,576 |
| STANTON TEL CO, INC | 1,188 | 2,955,004 | 1,199,133 | 40.58% | 2,487 | 1,009 |
| CHIPPEWA COUNTY TEL | 1,371 | 3,351,359 | 1,323,943 | 39.50% | 2,444 | 966 |
| TERRAL TEL CO | 317 | 1,088,255 | 424,256 | 38.98% | 3,433 | 1,338 |
| DARIEN TEL CO | 5,408 | 12,117,627 | 4,694,695 | 38.74% | 2,241 | 868 |
| SUMMIT TEL & TEL -AK | 131 | 1,039,723 | 400,978 | 38.57% | 7,937 | 3,061 |
| CROWN POINT TEL CORP | 1,024 | 3,735,298 | 1,408,045 | 37.70% | 3,648 | 1,375 |
| WINN TEL CO | 721 | 1,500,469 | 565,189 | 37.67% | 2,081 | 784 |
| CITIZENS HAMMOND NY | 1,729 | 7,317,454 | 2,709,478 | 37.03% | 4,232 | 1,567 |
| HOLWAY TEL CO | 562 | 1,749,895 | 646,982 | 36.97% | 3,114 | 1,151 |
| ***BEEHIVE TEL CO - NV & UT*** | ***909*** | ***7,722,658*** | ***2,835,131*** | ***36.71%*** | ***8,496*** | ***3,119*** |
| HOT SPRINGS TEL CO | 682 | 1,513,416 | 554,082 | 36.61% | 2,219 | 812 |
| SYCAMORE TEL CO | 1,992 | 4,574,533 | 1,668,454 | 36.47% | 2,296 | 838 |
| TATUM TEL CO | 897 | 2,956,762 | 1,059,788 | 35.84% | 3,296 | 1,181 |
| ZENDA TEL COMPANY | 231 | 1,113,163 | 396,389 | 35.61% | 4,819 | 1,716 |
| TRANS-CASCADES TEL | 160 | 1,050,092 | 370,849 | 35.32% | 6,563 | 2,318 |
| WALNUT HILL TEL CO | 5,008 | 16,500,629 | 5,793,813 | 35.11% | 3,295 | 1,157 |
| PATTERSONVILLE TEL | 1,391 | 2,724,703 | 940,562 | 34.52% | 1,959 | 676 |
| BORDER TO BORDER | 84 | 1,831,284 | 630,779 | 34.44% | 21,801 | 7,509 |
| COLTON TEL CO | 1,204 | 3,332,155 | 1,139,124 | 34.19% | 2,768 | 946 |
| WEST TEXAS RURAL TEL | 2,026 | 12,609,752 | 4,303,474 | 34.13% | 6,224 | 2,124 |

5

BEEHIVE TELEPHONE COMPANY

BILLED ACCESS MINUTES - Used in rate development

Beehive Utah

| | Feature Group B Non-Premium | Feature Group C Premium | TOTAL |
|---|---|---|---|
| 1995 | 10,123,685 | 14,721,149 | 24,844,834 |
| 1996 | 13,448,833 | 16,411,165 | 29,859,998 |
| | 23,572,518 | 31,132,314 | 54,704,832 |

Beehive Nevada

| | Feature Group B Non-Premium | Feature Group C Premium | TOTAL |
|---|---|---|---|
| 1995 | 605,344 | 15,184 | 620,528 |
| 1996 | 0 | 260,104 | 260,104 |
| | 605,344 | 275,288 | 880,632 |

Beehive - Total Company

| | Feature Group B Non-Premium | Feature Group C Premium | TOTAL |
|---|---|---|---|
| 1995 | 10,729,029 | 14,736,333 | 25,465,362 |
| 1996 | 13,448,833 | 16,671,269 | 30,120,102 |
| **Total Access Minutes** | **24,177,862** | **31,407,602** | **55,585,464** |

DEM MINUTES - Used in Cost Studies for jurisdicational assignment.
Equals Sum of Billed Access Minutes and Feature
Group A minutes multiplied by 1.07

| | Feature Group B Non-Premium | Feature Group C Premium | TOTAL |
|---|---|---|---|
| Access Minutes | 24,177,862 | 31,407,602 | 55,585,464 |
| FGA (Utah only) | 7,589 | | 7,589 |
| | 24,185,451 | 31,407,602 | 55,593,053 |
| | 1.07 | 1.07 | 1.07 |
| **Total DEM Minutes** | **25,878,432** | **33,606,134** | **59,484,566** |

6

*BEFORE THE FEDERAL COMMUNICATIONS COMMISSION*
*WASHINGTON, D.C.*

*In the matter of telephone*
*High Cost Funds....* *CC Docket No. 96-45*

*COMMENTS FROM THE BEEHIVE TELEPHONE COMPANIES...*

*> The Beehive Companies consist of two Corporations. Both owned by their founder A. W. Brothers, 67 (author of these comments) who since 1966, has provided first time ever telephone service to 10 remote villages in Utah. My Nevada Corporation has established 3 exchanges providing phones to similar remote areas of Nevada. On average, as funds and time to construct has been obtained, growth has enabled adding one new exchange every two years. This vast unserved area was passed over by Ma Bell as being unprofitable. Those rural folk did not have enough political clout or money to get phones. However, by working cheap and ultimately participating in REA financing and "cost pooling" - I've made do.*

*>> Each month, over the past 20 years, I've authored an opinion editorial appearing on the last page of the industry magazine "Americas Network". It and numerous newspaper articles and TV has chronicled my battles with those who would stand in the way of telecommunications for rural folk who - even today - did not have any phones - let alone a choice.*

*>>> I am told by the publishers that their 55,000 telephone professionals consistently rate my stories as the single most popular item they read. These comments are therefore submitted to the Commission as a compilation of conclusions from someone who has - as they say - BEEN THERE AND DONE THAT...*

*>>>> STATISTICS: Beehive's 14 central office locations are in rural parts of 11 Counties - 9 have paved roads, 4 have dirt roads and one has no road (water accessible only). Three do not have commercial power. We provide phones (and data including compressed video) to 7 schools. Residence dwellings with phones number 600. Business lines number 200. I've constructed over 600 route miles of long distance facilities just to get to the center of those 14 villages. We pay power bills at 27 electric meters from 6 power companies, and use solar for 5 more. It takes more than a mile of line to get the local loops to each customer from their associated central switching center. The nearest 7-11 is from one to three hours distant. From the Partoun exchange near the West Desert High School (where 12 year old kids drive themselves up to 58 mile round trip) the closest gas station is one hour over dirt roads.*

*Over time, winds across the great desert of western Utah - salt coats insulator ability to multiplex telephone trunks over open wire lines. Thus, most of our lines are now underground and being upgraded to fiber as finances permit. A service call can result in 300 miles of travel, mostly over dirt roads.*

*MONEY - SETTLEMENTS - DISCUSSION*

*1. Our rates are $16 for business and $11.67 for residence. Before divestiture our residence charge was $14.50. We were one of the half dozen American telcos who were harmed by elimination of toll settlement called "Schedule C on costs", after that method of settlement was eliminated by Commission Order. It was agreed by NECA and the CC Bureau that Beehive would convert to full cost - but retain "direct assignment" of our toll costs. This was in recognition of the unique status of Beehive's very large expensive to maintain (on a per subscriber basis) toll network. It is my understanding that the new hands at NECA now wish to invalidate that commitment. Perhaps because, to my knowledge, Beehive is the only company in America which uses this variant from traditional separation of plant to account for the toll function.*

*2. USF: The industry has been clever. Instead of one national pool, many smaller less obvious pools were created. The Utah State pool required us to lower our local service up to $3.00/month (with annual revisions) so we could receive that USF subsidy, financed by a half cent per minute tax on all State toll. That provided Beehive a subsidy of $97 per month per subscriber. We converted to "access" for terminating State toll. Due to U.S. West's complex calculation requirements, it was cheaper to just revert to a bill and keep situation which continues to this day.*

*3. To permit stated national goals of unfettered competition, Beehive believed that eventually all pooling and USF might be disallowed. It appeared reasonable that we create a plan for continued existence without subsidy. We devised a system that would continue the Congressional and FCC mandate that Beehive's customers pay similar rates for local and long distance as others in America. This resulted in a FCC access tariff (based on our revenue requirement) rate which would keep rural high cost companies like mine from going broke. This would meet the objective of standing on our own - and remove us from the public subsidy trough, or pools.*

*4. Our subsequent tariff of $.47 per minute for the 80,000 monthly interstate minutes resulted in IXC questions. Most paid. Some clever IXC's reprogrammed their switches to block or re-route Beehive's traffic to other carriers.*

*5. In order to lower our revenue requirement per minute, Beehive set out to stimulate additional minutes. ie: a) expand the innovative use of our block of 800-629 numbers; and b) stimulate traffic for joint conference capability. One method of the latter is called "chat lines". By late 1994, I realized our minute stimulation was successful. Incoming traffic was increasing by an order of magnitude. Existing routes and switching facilities were swamped. To handle the traffic, Beehive leased switching facilities. We needed to revise our rates. FCC procedures for this were not conducive for Beehive's situation.*

*6. Under the auspices of Federal Courts, we established the precedent of negotiated rate reductions approved by the CC Bureau. MCI and Sprint concurred. AT&T refused. AT&T chose a self help tactic of not paying its bills (which represents half of our income). This put Beehive in a serious financial situation which haunts us to this day. (See file No. 95-CV-0171W, U.S. District Court, Central Division for Utah - Beehive v. AT&T - settlement arbitrated - decision pending; also FCC File No E-97-04, AT&T v. Beehive; and CC Docket 97-237)*

*7. On July 1, 1995, the CC Bureau allowed new Beehive access rates wherein the premium rate was lowered from $.47 to $.13 per minute. AT&T adopted blocking calls into Beehive by not providing enough trunks plus selective grading of inbound toll to fast busy and decided to not pay its bills.*

*8. The BOC's did not like Beehive's 800 number stimulation concept. Bellcore's BOC directors ordered it to take back all our assigned numbers. We sued - see U.S. District Court for Utah civil No. 2:96 CV 0188C. As far as our ultimate business plan is concerned, the BOC's were successful. The majority block of numbers are frozen by the Court. One enterprise that looked to Beehive for seven thousand numbers has gone out of business.*

*9. Our roller coaster stimulation of business and resulting minutes allowed us to lower our rates again in tariff filings effective in mid 1996, and again in mid 1997. Our legal fees remain high. AT&T flat-out refuses to negotiate.*

*<u>Which brings us to 1998 and the subject of these comments</u>:*

*<u>This filing is to rebut the Commission's objective to require 75% of universal service (high cost) funds be paid by the States</u>.*

*10. This attempt to define welfare does two bad things. <u>First, it is anti-competitive</u>, over and above the traditional regulatory audit oversight and setting a reasonable rate of return. The utility or business offering conference services such as chat lines or 800 access must compete with all other companies as the one with the least costs will get the profits v. those who don't. <u>Second</u> it locks rural service providers into a government defined and expensive NECA administered layer of costs, with no allowance to be innovative. It would appear more reasonable for the Commission to adopt a multiple choice method of achieving certain uniform service goals for rural high cost service areas.*

*10. Thus, as a direct respo nse to this Docket, <u>Why should an arbitrary percentage be applied?</u> Why can not the ratio be the actual division of minutes within the effected company? If any subsidy is paid - the ratio would be developed by total minutes of interstate v. intrastate + local. Then round totals to the nearest whole number. Mandate that the States would be required to accept those figures.*

*11. Over 95% of our traffic is from interstate toll. Is it fair to expect 75% of Beehive's interstate toll costs be paid for by the State? Beehive doesn't fit any known LEC model for costs and ratio of traffic. Yet, this is part of where the Commission is coming from by its decision in a related case CC Docket No 97-237 dated 1-6-98.*

*12. By that decision Beehive's leasing of switching equipment was rejected. Yet, for purposes of rate compliance Beehive's two year study agreed with those of AT&T. Where we were wrong was using only one year to base rates. As a result of being taken to the woodshed, we amended the tariff and refunded all amounts within two weeks of notice by the Commission. Part of our problems are that the Commission has not had facts and is dealing with some weird statistics which lead to wrong assumptions.*

*13. Beehive is unique and not comparable to any other companies: Beehive has 800 customers. Fifty five other companies have 800 customers. The Bureau said our costs should not be different. Yea. Sure. And if costs are not the same - just disallow the different costs. My analysis of 55 typical NECA reports show companies with 800 customers have only one or two exchanges. Not 14 like Beehive. The average doesn't have millions of minutes like we, nor is their ratio of directly assigned costs over 95% like Beehive.*

*14. Consider that the latest "Hatfield" model of stand alone switch costs are $560,000 per switch. Not counting the additive for line costs, if this figure is multiplied by our 14 offices, the industry acceptable investment by Beehive for this function would be $7,840,000. At a 25% annual cost, an acceptable revenue requirement would be an undisputed $1,960,000. That's double what we use! In short, no consideration was given to how we achieved lower access charges by poportional increases in costs of service. Are we to be punished for being innovative?*

*15. If we are to have mandated costs and standardized operations with artificial separation of state v. interstate, we will be forced to go back on the State USF (which we have not drawn on since early 1995) Over the years, our average rate of return has been 11%. However, using 1996 figures, when state v. interstate is separated we underearned $750,000 on the State site, and overearned by $750,000 on the interstate side of the ledger. Thus, the Commission effort to drive down interstate costs is clearly a taking. And poses a problem for Beehive. Such is the dramatic and disruptive effect well intended rules will achieve. Beehive respectfully urges the Commission reconsider the entire matter of arbitrary separation of inter/intra State functions. Or is the FCC switching us down the same track as was last seen Western Union?*

*Respectfully submitted this 20th day of January, 1997 -c-*
*A. W. Brothers, President, the Beehive Telephone Companies*
*2000 E Sunset, Lakepoint, Ut. 84074. fax 801 250 4420.*

# A really big disconnect

## You call this reform? Try getting a phone line in the sticks

BY FRED VOGELSTEIN

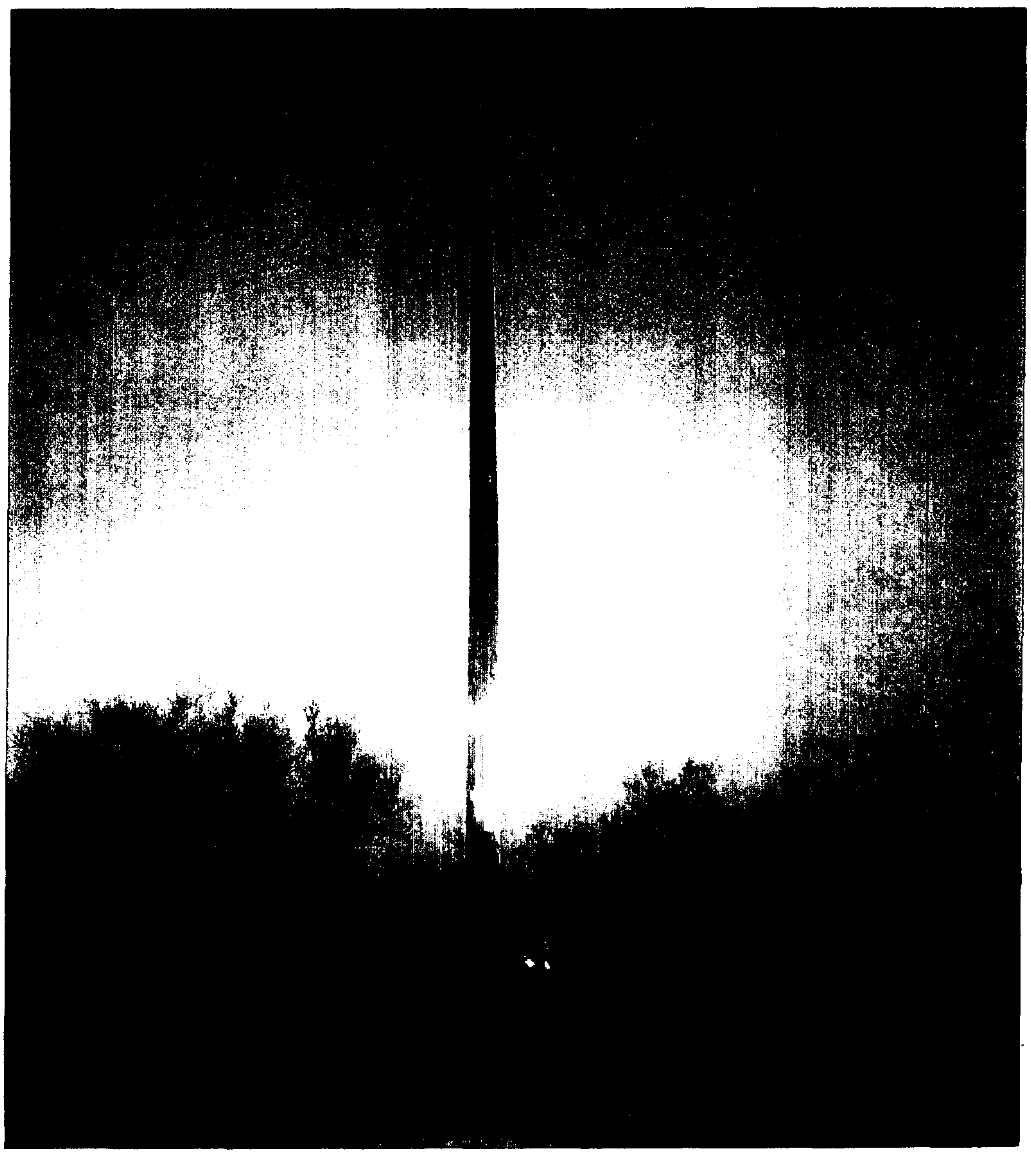
The view from the porch of Don and Wanda Womack's home outside of Scottsdale, Ariz., is one of the prettiest in America—a limitless expanse of desert wilderness abutting a mountain range of 7,000-foot peaks. But most days they hardly notice it. The sight of the telephone poles in front of their neighbors' yards makes them too angry to think about much else.

To the Womacks, the poles are a constant reminder of what's missing in their otherwise happy lives—telephones. Since building and moving into their dream home nearly two years ago, they haven't been able to get phone service. The local phone company, U S West, says it doesn't have to serve them—and doesn't want to. Too expensive, company officials say. So the couple, who run a construction business out of their home, have been stuck in a kind of telecommunications twilight zone, making do with cell phones that work about 75 percent of the time—and produce annual bills in excess of $10,000. "They [U S West] actually told me they 'don't desire to serve us,'" Wanda Womack says. "I mean, who ever heard of not being able to get a phone?"

**Reach out and maul.** Billed as the law that would revolutionize communications in America, the 1996 Telecommunications Act was supposed to bring lower rates and better service. But prices have not fallen, service has not improved, and, as the predicament of the Womacks illustrates, it has become more difficult for some Americans in parts of the rural West to get connected at all.

When the act passed two years ago, one of its central themes was to enhance, not erode, the nation's decades-old commitment to "universal service"—which holds that everyone should be able to get affordable phone service. As a result of this commitment, there are telephones in some of the most remote spots in the country—in the bottom of the Grand Canyon, at the top of Aspen Mountain, and at truck stops throughout the Mojave Desert, for example.

Yet a study by state utility regulators last summer revealed that there are some 5,000 involuntarily phoneless souls like the Womacks in Arizona alone. Though no overall national figures exist, interviews with phone companies big and small, as well as with consultants, regulators, and other government officials, suggest there are thousands of other Ameri-



**For two years, Don Womack has tried to get phone service.**

SIMMONS FOR USN&WR

cans in mostly rural areas who cannot get phone service.

What went wrong? In short, the new law threw an old system into limbo without replacing it. Before the Telecom Act, an elaborate subsidy system put billions of dollars of extra cash into the hands of the Baby Bells and GTE to encourage them to offer affordable rural service. Part of that cash came from major long-distance companies like AT&T, which paid local companies 40 cents of every dollar of revenue in access charges. Much of the rest came from business customers and city dwellers, who paid a premium for their phone services and therefore helped subsidize services for rural inhabitants. The result was that big, local phone companies usually had plenty of money to hook up expensive rural areas at affordable rates.

**Rural friends.** Sometimes the big companies balked, saying that serving a particularly remote area was just too expensive. When that happened, customers would turn to one of the nation's 1,400 small, local phone companies. These outfits, some with no more than a few hundred customers, had access to low-interest loans from the government's Rural Utilities Service. Money from a separate $2 billion federal subsidy pot helped them pay the loans back over time. With this setup, they could offer service in places the giants wouldn't tread. In doing so, small phone companies have been the rural dweller's best friend for generations, and now serve some 15 percent of the U.S. population.

The ultimate hope was that within a year of the Telecom Act's passage, competition among long-distance providers and local monopolies would produce cheaper phone services for almost everyone. To ensure universal service, the act also called for a new, more efficient subsidy system. But implementation of the law has been slowed by an incredible legal battle among phone companies over whether long-distance or regional markets should be opened up first. The issue has become so knotted that the U.S. Supreme Court is deciding whether to hear the case. Meanwhile, the Federal Communications Commission, charged with developing the new subsidy system, is more than a year behind schedule. Worse, it has hinted that it plans to radically change the way subsidies are awarded, but it has yet to spell out how.

Because of all this confusion, regional Bells and GTE appear to be concentrating on serving business customers and other profitable urban niches like cellular service, de-emphasizing rural service. With competition from AT&T, Sprint, and MCI on the horizon, U S West spokesman James Roof asks: "Why should we be spending money in expensive rural areas if we need to upgrade our network in the cities to compete with competitors?"


Residents of Iowa Hill, Calif., demand phone service.

At the same time, small, rural phone companies have cut back borrowing for new network construction and upgrades by 35 percent. "There's too much uncertainty for these companies to take the borrowing risk," says Bob Petranek, an RUS field officer outside Portland, Ore. "Some people who have gotten loans aren't even spending the money. The bureaucrats in Washington really have no idea what's going on out here," he adds.

The companies that specialize in rural service don't know if the subsidies under any new system will be big enough to pay back the money they borrow today. That's crucial since these companies often borrow money for 10 years and more. "For the rural areas, the Telecom Act is a total disaster," says Rodney Huff, president of tiny Pine Telephone, which serves some 750 customers in and around Halfway in eastern Oregon. He said he has already spent three years and $220,000 trying to find a way to get phone lines to the 100 people clamoring for service in Granite, some 90 miles away. But no one will promise him he'll get enough in subsidies to repay the $1 million loan he'd need to do the work.

Why is it taking the FCC so long? The agency says it is trying to develop a program that responds to thousands of variables. It's a mind-numbingly complex task. The goal is to ensure that everyone who wants a phone line gets one but, at the same time, to create a flexible system that rewards companies for pursuing new technologies and penalizes those that stick to old, costly methods.

**Enter politics.** The FCC also must move cautiously because the size of the federal subsidy program has become politically controversial. There's even a dispute over how big the old subsidy program was (estimates range from $6 billion to more than $20 billion). In any event, rural companies and states are pressing for a bigger percentage of any new subsidy pot, saying they'll need it to survive in a hyper-competitive telecom era. Powerful rural senators like Byron Dorgan of North Dakota, a member of the subcommittee responsible for universal service oversight, have made it clear to FCC officials that they want more funds for the little guys.

But there also is political pressure from urban states to limit the size of the pot. Politicians like John Kerry, the Democratic senator from Massachusetts, complain that it is unfair that folks in Boston and New York pay additional subsidies so that citizens in the West can continue to enjoy cheap, basic phone rates.

The debate is certain to intensify this year. The battle over FCC's decision on the size and structure of the subsidy fund "will make the current fight over the local companies' entry into long distance look like a sideshow," says former FCC Chairman Reed Hundt. The Womacks of Arizona can only hope the combatants make up their minds soon. ■